GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:590
ANSWERED ON:23.02.2001
BALANCE OF PAYMENT POSITION
ANANTA NAYAK

Will the Minister of FINANCE be pleased to state:

(a): Whether the Government have taken any step to improve the country`s balance of payment position; and

(b): if so, the achievement made in this regard during each of the last three years?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): The country`s balance of payments position is monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to increase the growth of exports and invisible receipts and to enhance the level of non-debt creating capital flows, particularly foreign investments, so as to help maintain a viable balance of payments position and an adequate level of foreign exchange reserves.

(b): India`s balance of payments (BOP) position during the last three years (1997-98 to 1999-2000) remained comfortable, despite a very unfavourable world economic and financial situation as a fall out of the crises in Asia and Russia. The deficit on the current account of BOP, which was 1.4 per cent of GDP in 1997-98, narrowed to 1.0 per cent of GDP in 1998-99 and further to 0.9 per cent in 1999-2000. Total net capital flows from all sources during these years were more than sufficient to cover the current account deficits. As a result, the foreign currency reserves of the country had increased by US $3.61 billion in 1997-98, by US $3.55 billion in 1998-99 and by US $5.54 billion in 1999-2000. Table below gives a summary position of BOP during 1997-98 to 1999-2000.

(US $ million)

	1997-98	1998-99	1999-2000
Exports (f.o	35680	34298	38285
Imports (c.i.f.)	51187	47544	55383
TRADE BALANCE	-15507	-13246	-17098
Invisibles (net)	10007	9208	12935
CURRENT A/C BALANCE	-5500	-4038	-4163
(As % of GDP)	(-1.4)	(-1.0)	(-0.9)
Total Capital flows (net)	9393	786	10305
RESERVE MOVEMENT			
(+ increase)	+3893	+3829	+6142